

**Associated Claims  
Management Inc.**510 E. 1st Street  
Oakboro NC 28129**LOSS REPORT****Status**Phone # 704-485-8975  
TIN #: 841-68-4831Reference: Aspen Specialty Insurance Company  
125 Summer Street, Suite 300  
Boston, MA 02110  
Attention: Jonna Holm  
Insured: Charles Shadid  
1901 Classen Blvd  
Oklahoma City, OK 73106Report #: 1  
Catastrophe Number:  
Policy Number: PRAAJM212  
Claim Number: PR1200037375  
Date of Loss: 5/31/2013  
Type of Loss: Hail  
File Number: 13-11014**ENCLOSURES:**

Photos (78), PA letter of rep, Correspondence, Insured scope/estimate/settlement offer, Map of properties, 10 year hail research

**COVERAGE:**

Building	\$5,000,000.00	Eff. Dates:	From: 8/20/2012	To: 8/20/2013
BPP	(Included)	Mortgagee:	None per insured	
BI w/ EE	(Included)	Deductible:	\$50,000.00	
		Co-Ins. Applies:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
		Forms:	CP 00 10, CP 00 30, CP 10 30	

**RESERVES**

Building: [REDACTED]

Contents: [REDACTED]

BI w/EE: [REDACTED]

Claims Expenses: [REDACTED]

**COVERAGE ANALYSIS**

This policy provides coverage for damage to the insured property due to wind and/or hail. The limit of insurance is \$5,000,000, subject to the Statement of Values which specifies individual coverage limits per location. This is an RCV policy with no co-insurance requirement. The windstorm/hail deductible is \$50,000.

**Coverage Issues:**

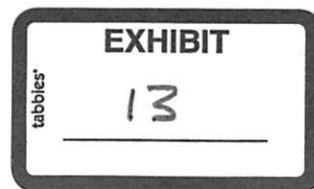
1. Pre-existing damage to some components.
2. Inadequate or improper repairs and/or maintenance on some roofs.
3. Decay and deterioration of decking and structure on some roofs.
4. Lack of storm created openings on most roofs which may have allowed water intrusion.

The attached ROR letter was sent to the insured to address these concerns.

**RISK ANALYSIS**

The risk is a portfolio of 47 buildings in 25 locations. The total insured values according to the SOV are:

Building	\$29,375,875
Contents	\$3,110,000
BI	\$2,282,137
Sign	\$523,350



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These are older shopping centers and retail strips located in the Oklahoma City metro area. Most buildings were built between the 1960s and 1980s, and construction is typically single-story with flat roofs. The roofs on almost all of the buildings are modified-bitumen, many of which appeared to have been replaced in the past few years following a prior insurance settlement with a prior carrier. Overall conditions of the buildings varied significantly depending on age, construction, location, and use.

Due to the size and complexity of an ITV analysis on 47 buildings, we will not address this in our reporting.

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## **PARTIES**

The various parties to the loss are as follows:

*Named Insured:*

Charles A. Shadid, Individual  
Charles A. Shadid, LLC  
Charles A. Shadid, Revocable Trust  
1901 Classen Blvd.  
Suite 222, Victoria Bldg.  
Oklahoma City, OK 73106  
405-525-6671  
charles@shadprop.com

Jerry Renfroe, *public adjuster*  
Just Property Restoration  
7509 NW 135th St.  
Oklahoma City, OK 73142  
405-225-7663  
jerry@justpropertyrestoration.com

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## **EXPERTS**

Due to the size, scope, and nature of this claim, it will be necessary to retain engineering evaluations of the roofs and exteriors of all the buildings. This will include evaluation of the buildings to determine actual damage which may have occurred on the reported date of loss, along with a historical weather analysis to determine other hail events which may have contributed to the condition of the roofing and/or components. We have reviewed the scope of a basic engineering assignment with Unified Building Sciences & Engineering (UBSE). They have given a preliminary budget of \$115K; this will increase if roof core samples are required or if more extensive, site-specific weather research is requested.

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## **CAUSE AND ORIGIN**

The claim was reported as due to wind and hail damage on 5/31/2013.

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## **ADJUSTER REMARKS**

This loss was received on 8/16/2013 and we contacted the insured, Mr. Charles Shadid. The insured is an attorney, real estate developer, and commercial property owner/manager. The claim was initially reported as storm damage to one building, Lakeshore Shopping Center. Wind and hail are covered perils, subject to a \$50,000 windstorm/hail deductible.

During our first conversations with the insured and his agent, Mr. Cliff Miller with Professional Insurors, we discussed the scope of the claim. This quickly evolved from one building to all 47 buildings on the policy. The insured advised that all of his buildings had new roofs following an insurance settlement from a 2010 wind/hail storm. We mailed out a basic information request letter to gather general data on repairs due to this loss, estimates, acquisition dates, prior major exterior repairs, prior policies, prior claims, and any settlement documents.

Following this, the insured advised that he retained a public adjuster, Mr. Jerry Renfroe with Just Property Restoration. Mr. Renfroe advised us that he had never handled a commercial loss before (only residential), and that he had never worked with the insured before. His contract amount was 1% and our perception is that the insured is driving the claim and using this PA as the point-man for producing his estimate, visiting the properties, meeting with adjusters/engineers, etc.

ACM inspected all 47 buildings in 25 locations during the week of 9/23-9/27/2013. During this inspection, we observed that most buildings did have fairly new modified-bitumen roofing, however some roofs were only partially replaced and some roofs appeared to have roofing that may have preceded the 2010 storm. This raises questions on what was paid for in the prior claim versus what was actually replaced on certain buildings. As is typically seen in this region, there was an accumulation of hail impacts to many rooftop components such as HVAC units, AC fins, vent caps, flashing, etc. Most of these items did not appear to have been replaced following prior insurance claims or repairs, and yet the insured is claiming all damage as due to this date of loss. Our preliminary research on hail in the past 10 years in Oklahoma County indicates over 50 hail events with 1-inch or larger hail (see attachment).

Our general observations indicate there is hail damage on some newer roofs, talking points on other roofs, and no hail damage to many roofs. The insured has presented a loss estimate of \$10.7M to include what appears to be total losses for all roofs and rooftop components on all buildings. It should be noted that all properties are located within a 15-mile area centered on downtown Oklahoma City; so various properties are located north/south/east/west of the OKC central. This is important in evaluating which hail storms passed through different parts of the region on varying dates.

The *Experts* section above details the need for a comprehensive engineering evaluation of all properties to determine existence or degree of damage at varying locations, pre-existing damages, and careful forensic weather event analysis to determine which properties may have been in the path of multiple hail storms in the past several years. This weather analysis will also speak to potential and likely size and frequency of hail at the different locations, along with dates of other hail events which may have contributed to the current conditions of the buildings.

**Correspondence:** Written communication to/from the insured is as follows (see attachments):

1. **9/4/2013:** Initial information/documentation request from ACM.
2. **9/23/2013:** Insured's reply to info/doc letter.
3. **10/10/2013:** Insured's settlement offer. This included his submitted SPOL and his repair scope of \$10,706,802.00.
4. **11/4/2013:** ACM sent a reservation-of-rights (ROR) letter and request for outstanding information/documentation previously requested but not yet received. This restated our request for prior settlement documents, previous repairs made, and specific repairs/estimates due to this date of loss. There were problems with the insureds submitted POL; we explained these issues and advised that Aspen does not have enough information to accept the POL as presented. This letter also put the insured on notice of an EUO which will be scheduled upon receipt of the requested information.

**Summary:**

At this time, we are awaiting response from the insured to our letter dated 11/4/2013. The requested information is very important for proper claim evaluation and accurate understanding of the history of claims, settlements, and repairs to these properties. Following receipt of this information, we will schedule the engineering assignment. Upon receipt of all the requested information, we also expect to schedule an EUO of the insured.

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**SALVAGE AND SUBROGATION**

We do not anticipate significant salvage opportunity in this claim. We will advise if this changes.

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**FUTURE ACTIVITIES**

At this time, we expect our future activities to include:

1. Follow-up with insured on information/documentation request.
2. Schedule engineering inspections.
3. Schedule EUO.

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**RECOMMENDATIONS:**

No action is required at this time. Please diary your file for 60 days, at which time we will provide an updated report.

Please contact us if you have any questions or concerns regarding this claim. Thank you for the opportunity to assist you.

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Ken Smith

11/8/2013

Date